

**CHILDREN AND YOUNG PEOPLE COMMITTEE REVIEW OF EMERGING
BUSINESS PLANNING PROPOSALS FOR 2015/16 AND BEYOND**

To: **Children and Young People Committee**

Meeting Date: **29th July 2014**

From: **Executive Director: Children, Families and Adults
Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **N/a** *Key decision:* **No**

Purpose: **This report provides the Committee with an overview of the emerging Business Planning proposals within the remit of the Children and Young People Committee for the Children, Families and Adults (CFA) Service.**

Recommendation:

- a) It is requested that the Committee note the overview and context provided for the 2015/16 Business Plan for the CFA Service.**
- b) It is requested that the Committee comment on the approach to savings within the remit of the Children and Young People's Committee for the CFA Service set out in the 2014/15 Business Plan.**
- c) It is suggested that officers work with Group Leaders and Members of the Children and Young People Committee to develop more detailed proposals for presenting to the next Children and Young People Committee on 16th September 2014 (capital) and 21st October 2014 (revenue).**

<i>Officer contact:</i>	
Name:	Rebecca Hudson
Post:	Head of Strategy and Partnerships, CFA Service
Email:	Rebecca.Hudson@cambridgeshire.gov.uk
Tel:	01223 714674

1. VISION AND PRIORITIES

- 1.1 To ensure that the Council is clear to its residents, partners, and employees about what it wants to achieve within available resources, a vision and set of strategic priorities are set out at the beginning of the Business Plan.
- 1.2 Each year the Council adopts a five-year Business Plan, committing to a clear indication of what will happen in years one and two, and indicative proposals for years three to five.
- 1.3 The vision for the Council is: *making Cambridgeshire a great place to call home*, and the three strategic priorities are:
 - Developing the local economy for the benefit of all
 - Helping people live healthy and independent lives
 - Supporting and protecting vulnerable people.
- 1.4 The Council's Strategic Framework then translates these priorities into more specific objectives and targets for specific service areas. The business planning process is a continual cycle, with services in a constant process of developing and implementing the budget proposals in line with this strategic direction.
- 1.5 It is expected that during this year's business planning process service committees will consider and refresh the sections of the Strategic Framework which apply to them.

2. FINANCIAL OVERVIEW

Business Plan Issues

- 2.1 One of the key reasons for this report is to update Members on the current issues that could affect the Business Plan as agreed by Council in February. No recommendation is required on these issues at this point as it is not proposed to change the cash limits for the current financial year and future years limits will not be altered until the annual review of demography, inflation and service pressures has been undertaken. This will be reported to General Purposes Committee in September for approval by Council on 14th October 2014. Council have always approved the Service Block cash limits, but the process is being brought forward this year in order to facilitate more certainty for services in the budget building process.
- 2.2 It is difficult to project the level of demand for services and resources that will be available over the timeframe of the Business Plan but it is important to take a medium term planning view in order to make considered judgements over service resource allocations. Transformation and alternative service delivery models often have a long lead in period which also requires a longer term perspective to ensure that these processes are managed effectively.
- 2.3 The gross budgets for each Service Block identified in the Business Plan are as follows:

Service Block	2014-15 £'000	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000
Children, Families and Adults	352,472	347,724	339,106	336,710	336,158
Economy, Transport and Environment	86,962	86,025	83,849	82,368	82,106
Public Health	14,482	14,774	15,074	15,312	14,856
Corporate and Managed Services	21,085	20,546	20,242	19,959	20,178
LGSS Operational	24,069	24,013	23,705	23,113	22,628

- 2.4 The focus for the 2014/15 Business Planning process was to ensure that the Council approved a balanced budget for years one and two of the plan. Focus on the latter years was deemed important for planning purposes, but it is more difficult to prepare detailed proposals for the latter years of the Plan. Therefore there are still some significant savings to be achieved without any additional service/funding pressures that have yet to materialise.

- 2.5 The current level of savings yet to be identified is as follows:

Service Block	2014-15 £'000	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000
Children, Families and Adults	-	-	7,807	8,352	16,661
Economy, Transport and Environment	-	-	3,800	3,037	2,667
Public Health	-	-	-	-	-
Corporate and Managed Services	-	371	283	43	-
LGSS Operational	-	78	27	458	817

- 2.6 Delivering the savings proposals that are already built into the Plan will be challenging and the impact of the savings should not be underestimated. It is likely that this challenge will only increase as additional service pressures, potential interest rate increases, or potential increases in demography over and above those projected are identified.
- 2.7 Although we are only two months into the new financial year there are a few issues to update Members on that have an impact on the Business Plan bottom line:

2013/14 Service Pressure

- 2.8 Members will recall that during the last financial year a significant pressure was identified within the Older People's service and using the best information available at the time it was identified that an additional increase in the base funding of the service of £6.5m was required for 2014/15 and beyond.
- 2.9 Actual activity in Older People's services for 2013/14 did not reach the levels that had been anticipated, therefore resulting in an underspend against the increased base funding. The provision was made in good faith and on the basis of information available at the time, but the inclusion of this pressure increased the level of savings required across all services in order to maintain the Council's over-arching cash limit.

- 2.10 Members of the General Purposes Committee will have the opportunity to make recommendations to Full Council on whether to leave the budget within the CFA Service for 2015/16. Whatever decision is taken, it is recommended that no change is made to the in-year cash limit in order to maintain stability within the service.
- 2.11 The Committee is asked to note the following information (on Highways, Basic Need Funding, Dedicated Schools Grant and Business Plan impact) as these are issues that affect the Council's overall financial position. They do not, therefore, impact on business planning proposals within the remit of the Children and Young People's Committee at this point.

Highways Maintenance

- 2.12 The Business Plan includes a programme of funding for Highways Maintenance in the total sum of £90m with the remaining funds being expended over the next three financial years in the total sum of £64m. The Directorate will be bringing forward a paper in the near future to the Service Committee that will recommend a re-phasing of that programme. This will reduce the pressure on the Business Plan for a number of years, albeit the overall funding for the programme remains unchanged.

Basic Need Funding

- 2.13 The Government provide funding support for the delivery of new school places based on a formula. This formula changed for 2014/15 and has significantly reduced the level of funding that is made available to the Council. Representations have been made at a national level in order to address this issue but so far there has been no notification that additional funding will be forthcoming. Although the service continues to press for a solution the Council will need to consider the alternative options in the near future.
- 2.14 This does not affect the 2014/15 programme but the Business Plan has currently identified a shortfall in funding of £16.156m and £13.899m for 2015/16 and 2016/17 respectively. If no additional funding is forthcoming the Council will have to consider whether it wishes to retain the capital programme to its current funding level, by reducing the schools programme or other elements of the programme. Alternatively the Council could meet the shortfall through additional borrowing which would increase the level of revenue savings required in order to fund the capital financing costs.

Dedicated Schools Grant (DSG)

- 2.15 The Council currently recovers a contribution from the DSG towards corporate overheads. Having reviewed the legislation it appears that a significant element of what is currently being allocated to this activity needs to be removed. A detailed review of the legislation is in hand but this will create an additional pressure on the overall cash limits of the Council that will be included within detailed Business Plan proposals that will be considered in the Autumn as part of the Business Planning process.

Business Plan Impact

- 2.16 The financial impact of the above issues is set out in the table below, alongside known changes to funding since the publication of the 2014 to 2019

Business Plan. By application of reserves we have currently been able to smooth the impact of these issues and balance the budget to that set out in the 2014 to 2019 Business Plan, with the obvious exception what is now year 5. Note that the figures show the change on the previous year (i.e., their impact is recurring) and increased income is shown as negative figures.

Issue	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
2014-19 Plan budget gap	-	-	-	-	-
Changes to expenditure, fees, charges & ring-fenced grants	-3,265	+459	-425	+564	+19,992
Changes to corporate funding & transfers to/from reserves	+3,265	-459	+425	-564	-10,504
Current budget gap	-	-	-	-	+9,488

Breakdown of changes to expenditure, fees, charges & ring-fenced grants:

New year 5 inflation & demography estimate	-	-	-	-	+19,439
Pressure – Correction to 2014-15 Older People pressure	-2,500	-	-	-	-
Pressure – 2 nd State Pension	-	+1,963	-	-	-
Debt charges – Highways	-765	-1,504	-425	564	+553
Total change	-3,265	+459	-425	+564	+19,992

Breakdown of changes to corporate funding & transfers to/from reserves:

New year 5 funding	-	-	-	-	-5,052
1.99% Council Tax increase	-	-	-	-	-5,395
Business Rates	+1,109	-1,216	+46	-69	+142
New Homes Bonus	-	+478	+451	+357	+357
Corporate DSG	+1,902	-	-	-	-
Other Corporate Grants	-166	-315	+482	-	-
Reserves	+420	+594	-554	-852	-556
Total change	+3,265	-459	+425	-564	-10,504

2.17 The above figures have made no adjustment in relation to the Basic Need funding shortfall at this point. If no additional funding is forthcoming and Members agree to leave the programme as it is included within the Business Plan there will be an additional budgetary pressure of £400k in 15/16, £1.7m in 16/17 and £2.6m in 17/18.

2.18 The forecast balance on the General Reserve over the Business Planning period is outlined below:

	31 st Mar 2014 £'000	31 st Mar 2015 £'000	31 st Mar 2016 £'000	31 st Mar 2017 £'000	31 st Mar 2018 £'000	31 st Mar 2019 £'000	31 st Mar 2020 £'000
General Reserve	12,337	15,438	14,859	14,693	14,574	14,385	14,708
% of gross budget	2.5%	3.1%	3.0%	3.0%	3.0%	3.0%	3.0%

3. EMERGING BUSINESS PLANNING PROPOSALS AND APPROACH TO ACHIEVING SAVINGS FOR CHILDREN AND YOUNG PEOPLE'S SERVICES (2015/16 TO 2019/20)

- 3.1 This report sets out the thinking on future service models and arrangements, alongside emerging savings proposals for those CFA services within the remit of the Children and Young People's Committee. The financial challenges faced require a radical and transformational response as current service models and arrangements are not sustainable. The most significant challenge to developing plans to deliver the savings required is that the demand for many services is continues to increase and at levels that are projected to exceed the available budget. In addition, considerable savings have already been taken through efficiency improvements and reducing non-essential services.
- 3.2 Services will continue to seek to improve their effectiveness, but the level and range of services that can be provided is generally reducing. The scale of the savings requires a fundamental review and change of service provision that will lead to very different way of working across CFA services compared to current arrangements. Such strategy work has underpinned the proposals in the current Business Plan for 2014/15 and 2015/16, and will continue to inform planning for the following years.
- 3.3 The main savings proposals that are being explored for 2015/16 (within the current Business Plan) for children and young people's services are set out below. We understand that the Committee are keen to understand the local impact of these proposals and, where possible, we have tried to highlight this within the report. We will ensure that relevant staff create opportunities for more detailed conversations to take place at a local level on the impact of these proposals throughout the business planning process.

Revenue savings proposals

- 3.4 The Enhanced and Preventative Services Directorate is undertaking a review and re-specification of its core purpose in response to both changing need and the reduced budget allocation. Proposals are being developed to re-commission our early help services to ensure that the services provided are those which will have the maximum impact in our most priority outcome areas and in response to the pattern of rising need and demand for services across the children's system. Significant savings are proposed for 2015/16 (£1500k) and 2016/17 (£1848k). Emerging proposals place less emphasis on public agencies stepping in to provide services and greater emphasis on identifying the strengths and capacity in each family and each community and working collaboratively to help families to help themselves and others. The savings will lead to a reduction in the number of posts and services over 2015 to 2016.
- 3.5 Alongside this, we are undertaking a family work review to look at the current range of family work services from early intervention through to specialist or high need interventions and how these could be re-commissioned more effectively. This includes a review of family support services, specifically around supervised contact and specialist family support. The savings amount to £250k in 2015/16 for supervised contact and £300k in 2015/16 for specialist family support.

- 3.6 We are continuing our collective focus across CFA on reducing the number of children coming into care through early intervention, prevention and successful social work, thereby realising savings from the placements budget for looked after children. The Placement Strategy - a cross-CFA strategy - has been refreshed to revitalise the workstreams with the aim of reducing the number of children and young people coming into care, reducing the length of time children are in care and reducing the risk of children returning to care. Further work is being developed to consider how we commission fostering services. Savings here amount to £1292k in 2015/16.
- 3.7 We are also proposing significant budget reductions from services supporting early years and early education provision, in the context of the significantly revised statutory requirements and expectations set by Government. This equates to £645k in 2015/16 (on the back of delivery of £1163k savings in 2014/15). A new model will focus primarily on targeted support to families in vulnerable groups or to settings where quality needs to improve and less on universal support to the sector. Universal free support to schools and settings will no longer be provided and an Intervention Team will be created to rapidly turn around nursery schools and settings who are less than good. Reductions will also be achieved through the combining of various support roles into one Quality Assurance team, and through the reduction of the workforce development offer to schools and settings. Early Years services to schools will mainly be fully traded by 2015. We also plan to reduce the number of Children's Centre Improvement posts by 2015 as the new Children's Centre structure becomes embedded and less of these posts are required.
- 3.8 There is a pressure within the Mainstream Home to School/College Transport budget for 2014/15 due to an increase in in-year and out-of-catchment placements and we are currently developing proposals to address this, alongside achieving savings of £200k in 2015/16 and £100k in 2016/17. Further to this, reviews of routes currently deemed to be unsafe for children to use to walk to school, accompanied by an adult as necessary, will be undertaken with a view to withdrawing the entitlement to free transport with effect from September 2014. In addition, a review of post-16 transport arrangements will be undertaken in partnership with those Further Education providers who commission and run their own transport with a view to maximising opportunities to share transport. Savings here amount to £225k in 2015/16 and £37k in 2016/17. Work includes consideration of the impact of the outcome of these reviews on a range of other services, for example on the appeals process.
- 3.9 Changes to the national funding arrangements for schools and local authorities to support children with Special Educational Needs and Disability (SEND), coupled with a recent rise in the number of new statements of SEND being issued has created a budget pressure. We are working to re-commission the services within the relevant 'High Needs' funding block of the Dedicated Schools Grant. In addition, we are looking at the most effective way to meet special educational needs so that children and young people do not have to move into expensive high cost educational placements. Further reforms in relation to SEND will be in force from September 2014 and we are planning the implementation of these changes to minimise the potential pressures on the High Needs Block funding. Further discussion with the Education Funding Agency regarding Post 16 High Needs Block funding will hopefully clarify expectations around funding growth for this increasing population.

Longer term savings

- 3.10 As previously referred to, attention is also being given to longer term planning. Our emerging thinking and proposed approach to savings for 2016/17 to 2019/20 are set out below.
- 3.11 It is important to emphasise the increasing financial pressures in these later years and the significant level of change and risk associated with delivery of any savings proposals. They will lead to a reduced service offer and very different structures from those that exist now. We should not underestimate the level of change and culture required to make a reality of our strategic direction, both internally and with our partners.
- 3.12 We need to change the way we discharge our responsibilities for the safeguarding, wellbeing and education of the residents of Cambridgeshire. The way we support children and families with certain needs will need to have a greater emphasis on working with our partners to facilitate support for people, families and communities to be socially and economically productive. We will need to fundamentally change how needs are met or priorities are delivered with the funding that is available. To do this, we will need to focus on helping children and families to support themselves and remain independent in their communities; focus on preventing the escalation of crisis and supporting children and young people back to independence (within their families) following a crisis; and target our more intensive support to prevent or delay the need for ongoing support. This management of the triggers of demand can lead to financial savings and prevent reliance on core services.
- 3.13 We are working across CFA services to consider support to children, young people and adults with learning and physical needs, with a view to generating further savings. This work includes exploration of how we ensure we are aware of people transitioning from children's to adult social care services and assist them in planning accordingly. In particular, we are interested in how we can identify people that are not already known to the Children's Social Care Disability Service (for example, those with statements) that are likely to transfer to adult social care, to ensure early consideration of their needs before they escalate. This review is also exploring how improved participation in education, employment and training could be achieved, with the beneficial impact on employment and independence rates as people transition to adulthood, creating savings in the medium term. It is also considering services as a whole for children and adults with profound and multiple learning disabilities, to examine whether support can be improved whilst generating efficiencies. The key themes running across this work are a focus on building resilience and capacity within communities, partnership working, contract rationalisation and Assistive Technology and Telecare (ATT). We are in the process of developing savings proposals linked to these areas of work and will bring them to the next Committee discussion of our Business Planning proposals.
- 3.14 We are also reviewing our preventative and specialist services for children, families and adults. Work includes further streamlining and simplification of Early Help services, with a greater focus on building and maximising capacity within communities and reduced direct service delivery. Savings focus on prevention (at all levels) with savings delivered through reducing LAC numbers and saving on the Placements budget, in preference to further direct

service cuts. Children's Social Care are also developing invest to save proposals for an edge of care / alternative to care service, and leveraging in central government funding to support this.

- 3.15 A further review is focussing on our relationship with schools and providers to identify further savings. We are looking at the impact of school interventions that are funded on a cross-directorate basis and work is underway to identify further areas for exploration where we could stop the intervention, deliver it differently or facilitate the support to be provided elsewhere, where it may have more impact.
- 3.16 Alongside this work, a further cross-directorate review of our CFA arrangements is looking at how we can improve commissioning and procurement practice across CFA services to inform how communities are better supported. This review will improve the information budget holders have to make the right decisions, ensuring we have effective professional development programmes and a much more delegated and local approach to decision making. Again, we will bring emerging proposals to the next Committee discussion of our Business Planning proposals.

Capital proposals/Programme

- 3.17 The CFA capital programme is the largest element of the Council's overall programme, currently totalling over £500m spread over the five years of the programme. The main sources of funding for the programme are as follows:
- Government funding for **Basic Need** to provide for identified pupil population needs. In 2011/12 and again in 2012/13, Cambridgeshire was awarded additional basic need funding in recognition of its demographic pressures. In 2013/14 the Government introduced an application process, enabling Authorities to secure additional targeted basic need funding. Cambridgeshire was successful in securing funding for 8 schemes totalling £9m. However, its basic need allocation for the two year period 2015/16 to 2016/17 is only £4.4m. This is £32m less than the Council's budget estimate for these years.
 - Government funding for **Maintenance** to address school condition and suitability needs. The allocation for 2014/15 is £6.294m.
 - Government funding for specific initiatives (such as Universal Free Infant School Meals and the Priority Schools Building Programme). Cambridgeshire received £1,289,292 to support the implementation of the Universal Free Infant School Meal entitlement from September 2014. All of this has been allocated to schools. The Government recently announced details of a second Priority Schools Building Programme which is targeted towards addressing large scale maintenance and condition needs over the 2015/16 to 2021/2 period. The Council will be submitting a number of applications for funding for Cambridgeshire maintained schools.
 - Section 106, secured through negotiations with housing developers for the education infrastructure required to serve new developments.

Prudential borrowing

- 3.18 In addition, the Government provides Devolved Formula Capital (DFC) to enable schools to manage smaller-scale maintenance and improvement projects identified as priorities within schools' own Asset Management Plans. Cambridgeshire has also received £833,396 in capital funding to provide Early Years infrastructure to support the expansion of provision for two-year olds living in disadvantage.
- 3.19 The vast majority of schemes in the current programme have been planned in response to housing development and demographic changes, specifically an increase in the birth rate which has led to pressures on early years and school places across many parts of Cambridgeshire. The programme currently includes just three schemes aimed at addressing the condition and suitability needs of the primary schools concerned. One of these will be part funded from S106 contributions. In the case of the other two, the accommodation changes have been identified as necessary to avoid potential health and safety issues.

4. NEXT STEPS

- 4.1 The table below sets out the activity over the coming months to build the Business Plan for 2015-16 and the next four years. We will update the Committee on progress throughout the coming months.

August	Ongoing work to develop budget plan and deliver savings proposals.
September	Committee considers draft capital proposals for Business Plan and related Community Impact Assessments (CIAs). Ongoing work to develop budget plan and deliver savings proposals.
October	Committee considers draft revenue proposals for Business Plan and CIAs for these proposals. Ongoing work to develop budget plan and deliver savings proposals.
November	Committee considers final draft revenue and capital proposals. Ongoing work to develop budget plan and deliver savings proposals.
December	Ongoing work to develop budget plan and deliver savings proposals.
January	General Purposes Committee review draft Business Plan for 2015/16.
February	Draft Business Plan for 2015/16 discussed by Full Council.
March	Publication of final CCC Business Plan for 2015/16. Ongoing work to deliver savings proposals.

5. ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

The proposals in the report supporting this priority include:

- Exploring how improved participation in education, employment and training could be achieved for children and young people with physical and learning needs, with the beneficial impact on employment and independence rates as people transition to adulthood,

5.2 Helping people live healthy and independent lives

The proposals in the report supporting this priority include:

- The range of measures to build capacity within families and communities, so that children and young people are supported to live independently for longer and reduce reliance on specialist and intensive services.

5.3 Supporting and protecting vulnerable people

The proposals in the report supporting this priority include:

- Supporting vulnerable children and young people, including those with physical and sensory disabilities, and those with learning difficulties.
- Reducing the number of children and young people coming into care through early intervention, prevention and successful social work.

6. SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

There are significant resource implications associated with the proposals set out in the current Business Plan and that we are considering for future years. Our proposals seek to ensure that we are using the most effective use of available resources across the system. The implications of the proposals will be considered throughout the Business Planning process and the Committee will be fully informed of progress.

6.2 Statutory, Risk and Legal Implications

The proposals set out in this report respond to the statutory duty on the Local Authority to deliver a balanced budget. Advice will be sought on possible legal implications and brought back to the Committee during the Business Planning process.

6.3 Equality and Diversity Implications

The size of the financial challenge means that services will continue to seek to improve their effectiveness, but the level and range of services that can be provided is generally reducing. The scale of the savings requires a fundamental review and change of service provision that will lead to very different way of working across CFA services compared to current arrangements.

6.4 Engagement and Consultation Implications

Our Business Planning proposals are informed by our knowledge of what communities want and need. They will also be informed by the CCC public consultation on the Business Plan and will be discussed with a wide range of partners throughout the process (some of which has begun already). Community Impact Assessments (CIAs) have been published for the proposals published within the current (2014/15) Business Plan. As we become clearer about the emerging proposals for 2015/16 and beyond, CIAs will be drafted and brought to the Committee for consideration in October.

6.5 Localism and Local Member Involvement

The proposals set out in this report, particularly in the latter years, are predicated on empowering communities (both geographical and of interest) to do more for themselves, as we shift our focus from meeting the needs of individuals to supporting communities and families. As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities.

6.6 Public Health Implications

A number of the proposals within this report will have implications for the health of children and young people. We are working closely with Public Health colleagues to ensure our emerging Business Planning proposals are aligned.

Source Documents	Location
Cambridgeshire County Council Business Plan for 2014/15	http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2014_to_2015